

STATE OF ARIZONA

POPULATION

According to the most recent official population figures, produced by US Census Bureau, the census head count for 2000 reached 5,130,632 people residing in Arizona. With this newest estimate, the decade of the 90s showed that Arizona's population grew by nearly 40 percent (averaging annual growth of roughly 3.6 percent), representing a pace of growth that was about four-times the national average over the same period. This pace exceeded the rate of growth during the eighties, which averaged to almost 35% for the decade. Much of this robust growth was particularly influenced by the in-migration from Southern California.

Historically, official Arizona projections for population growth had been conducted between calendar years, and hence included in this *Workforce Development Planning Information* (WDPI). However, the next official Arizona projections of population are not expected until the year 2002. Nevertheless, population growth can be expected to continue growing in the range of roughly twice the projected national average.

INCOME

According to the latest annual figures, personal income in Arizona grew by 6.8 percent in 1999. While the rate of income growth appeared to have slowed from the '90s peak of 9.5 percent in 1994, the rate has since hovered in the range of about 7 percent. Meanwhile, the national average in 1999 showed personal income grew by 5.9 percent. Comparatively, since 1994 the national figure has shown little variation in the growth rate each year, basically staying in the mid-5 percent range since '95.

Arizona's per capita income rose from the 1998 level of \$24,133 to \$25,173 in 1999, representing an increase of 4.3 percent. Meanwhile, the national counterpart showed a 4.5 percent increase, rising from the '98 level of \$27,321 to \$28,546 in '99. Generally, as a ratio of total personal income to population, the per capita income figure may at times be difficult to interpret or explain.

One way to better understanding the health of state economies is to look closer at the trends in average earnings per job, personal income and population. There are states, for example, that have been showing an increasing share (or, their proportion) of the national income, while others have over time been showing a declining share. Arizona's share has been (and still is) relatively small in comparison to states like California, New York, or Texas. But while its share may be comparatively small, Arizona's share has consistently and gradually increased throughout the '90s. Arizona's share of national income in 1990 was

1.3 percent. With annual growth ranging from 4.5 percent to 9 percent each year, the latest available data show Arizona's share reached nearly 1.6 percent in 1999. This may seem rather paltry when compared to the 12.7 percent share held by our neighbor, California, or even New York (7.9 percent) and Texas (6.9 percent). Nevertheless, with the exception of Texas, states such as California and New York have shown significant losses in their share of the total national income. For example, during the 90s, California's share fell from its all time high of near 13.4 percent to roughly 12.7 percent. New York has shown a gradual descent from near its pre- '70s share of 11 percent to near 8 percent by '99. Additionally, states such as Nevada, Utah, Texas have been growing.

Behind much of the related trends established in the '90s have been that total personal income in Arizona has been growing faster than the national average—i.e., more than 7 percent annually as compared to roughly mid-5 percent for the nation as a whole. As well, Arizona's population insurgence, brought on by a great deal of in-migration from Southern California, has been providing much of the economic inertia, where the products of both labor and resources come together to create jobs. Even still, despite the insurgence, Arizona has maintained itself among the top three fastest growing states in the nation in the 90s. Having concluded the 2000 calendar year, Arizona's job growth averaged fifth fastest among states. Also, Arizona consistently showed record level low unemployment rates, where especially in the metro areas of the state the economic scenario is one of a recognizably "tight labor" market. As one might expect, at the very least, the result has been an upward pressure on wages.

The rising pressure on wages can be seen in the state's increasing share of the national average earnings per job. During the 90's, the state's share had grown from about 89 percent in 1990 to 91 percent in 1999. The US average earnings per job in 1999 was \$34,384 while Arizona's average earnings was \$31,307

TOTAL EMPLOYMENT (By Residence of Worker)

DES Research Administration forecasts total employment for WIA PY 01-02 and PY 02-03 to grow to 2,330,067 and 2,386,748 respectively. This implies that unemployment rate is expected to average between 5.0 and 4.9 percent for each of the next two program years. Stated another way, over the next two program years, an additional 83,856 Arizonans are expected to become employed.

JOB (By Worker's Place of Work)

Arizona's nonfarm payroll jobs showed growth of about 3.9 percent during the '00 calendar year. This compares to the national rate of roughly 2.2 percent for the national average. The growth rate has slowed since reaching a high of 6.8

percent growth in 1994. Much of the Arizona's growth during the '90s was spurred by market expansion into the Rocky Mountain and Southwest regions. Along with this, Arizona's economy has become increasingly connected to expanding international trade markets. Mexico, however, remains Arizona's leading trading partner.

UNEMPLOYMENT

The unemployment rate for Arizona was 4.0 percent in PY 00-01. It was 3.9 percent for the 2000 calendar year. The DES, Research Administration projects the state unemployment rate to average 5.0 percent in PY 01-02 and 4.9 percent in PY 02-03.

Each percentage point of Arizona's unemployment rate in PY 00-01 represented nearly 23,985 unemployed. For the 2000 calendar, each percentage point represents nearly 23,470 unemployed people. The forecasted rate for PY 01-02 of 5.0 percent suggests total unemployment of 123,780. The PY 02-03 projected unemployment rate of 4.9 percent implies that 121,819 Arizonans are forecast to be unemployed.

Following 1992's jobless rate of 7.6 percent, Arizona's unemployment rate has been on a general downward trend. By 1999 the measure lowered to an annual rate of 4.4 percent, and the 2000 average settled in at about 3.9 percent. So consistently tight was the state's labor market in '00 that the jobless rate ranged no higher than 4.1 percent and as low as 3.7 percent.

While it became clear in 1997 that Arizona's labor market was tightening, the even lower rates recorded throughout '00 confirmed credence to the labor shortages being reported in most skilled occupations. Perhaps even more importantly, the labor shortage extended to many low skilled occupations as well--especially in the metropolitan regions of the state, particularly in the Phoenix-Mesa MA. As for 2001, little change is expected, overall, to this situation.

POVERTY

The 1990 census revealed that Arizona's poverty rate climbed from 13.2 percent in 1979 to 14.1 percent in 1989. According to the U.S. Bureau of Census Current Population Survey for the 1998-00 period, dated September 2001, Arizona's three-year average poverty rate was 13.6 percent. The two-year average for the 1998-00 period was 12.0 percent, down from the 1998-99 figure of 14.3 percent.

Recent single year estimates reveal a downward trend in the poverty rate that began in 1997 as a result of the state's strong economy. The poverty rate had reached a recent peak of 20.5 percent in 1996 and began a descent to 17.2

percent in 1997. By the year 2000, it had fallen to 12.1 percent that was near a level not seen since 1980-81. In contrast, the national poverty rate reached a recent peak of 15.1 percent in 1993 and then afterwards began to decrease. The US poverty rate was consistently at a level below the state after 1993. By the year 2000, the US poverty rate had declined to 11.3 percent.

To find the estimated number of people living in poverty within Arizona for 2000 multiply the estimated rate of 12.1 percent by the estimated population of 5,039,000, this results in about 611,00 people in poverty. This is clearly down from the U.S. Census Bureau estimate of roughly 980,000 in 1996.

As a note, it was determined from the 1990 census, these rates varied across the WIA LWIAs from a low of 12.3 percent in Maricopa County LWIA to a high of 34.7 percent in the Navajo County LWIA. While the condition of poverty permeates throughout the reservations as indicated by their high poverty rates, there are more people in poverty in the urban areas of Maricopa and Pima Counties. The largest number (140,000 in 1989) among the LWIAs is in the City of Phoenix.

Source: Arizona Department of Economic Security, Research Administration, November 2001.